

"(B) WAITING PERIOD NOT TREATED AS A BREAK
IN COVERAGE.—For purposes of subparagraph (A)
and subsection (d)(4), any period that an individual is
in a waiting period for any coverage under a group
health plan or is in an affiliation period shall not be taken
into account in determining the continuous period under
subparagraph (A).

"(C) AFFILIATION PERIOD.—

"(i) IN GENERAL.—For purposes of this
section, the term "affiliation period" means a period
which, under the terms of the health insurance
coverage offered by the health maintenance organization,
must expire before the health insurance coverage
becomes effective. During such an affiliation period, the
organization is not required to provide health care services
or benefits and no premium shall be charged to the
participant or beneficiary.

"(ii) BEGINNING.—Such period shall begin
on the enrollment date.

"(iii) RUNS CONCURRENTLY WITH WAITING PERIODS.—Any such affiliation period shall run concur-
rently with any waiting period under the plan.

"(3) METHOD OF CREDITING COVERAGE.—

"(A) STANDARD METHOD.—Except as otherwise
provided under subparagraph (B), for purposes of
applying subsection (a)(3), a group health plan shall
count a period of creditable coverage without regard to the
specific benefits for which coverage is offered during the period.

"(B) ELECTION OF ALTERNATIVE METHOD.—A
group health plan may elect to apply subsection
(a)(3) based on coverage of any benefits within each of
several classes or categories of benefits specified in
regulations rather than as provided under subparagraph (A).
Such election shall be made on a uniform basis for all
participants and beneficiaries. Under such election a group
health plan shall count a period of creditable coverage with
respect to any class or category of benefits if any level of
benefits is covered within such class or category.

"(C) PLAN NOTICE.—In the case of an
election with

respect to a group health plan under subparagraph (B), the plan shall

"(i) prominently state in any disclosure statements concerning the plan, and state to each enrollee at the time of enrollment under the plan, that the plan has made such election, and

"(ii) include in such statements a description of the effect of this election.

"(4) ESTABLISHMENT OF PERIOD.—Periods of creditable coverage with respect to an individual shall be established through

presentation of certifications described in subsection (e) or in such other manner as may be specified in regulations.

"(d) EXCEPTIONS.—

"(1) EXCLUSION NOT APPLICABLE TO CERTAIN NEWBORNS.—

Subject to paragraph (4), a group health plan may not impose any preexisting condition exclusion in the case of an individual who, as of the last day of the 30-day period beginning with the date of birth, is covered under creditable coverage.